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The Dun & Bradstreet Corporation

NEWS

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For Broadcast After 6 p.m.
Thursday, Feb. 20;
For Editions On or After
Friday, Feb. 21

1991 BUSINESS FAILURES SOAR 44 PERCENT TO RECORD LEVEL

Liabilities Nearly Double to $109 Billion

NEW YORK, Feb. 21--A record 87,266 businesses failed in the United States in 1991, up 43.7 percent from 60,746 in 1990, according to The Dun & Bradstreet Corporation.

"The recession, coupled with the vast amount of debt accumulated in the 1980s, has taken its toll across the U.S.," said Joseph W. Duncan, vice president and corporate economist for The Dun & Bradstreet Corporation. "Business failures have been rising since April of 1990, underscoring the breadth of the recession."

Duncan noted that the sharp jump in failures in 1991 follows a 20.6 percent increase in 1990. Business bankruptcies in 1991 were up across the United States, with every U.S. Bureau of the Census Region and every major industry group reporting increases in business failures.

"Credit and collection problems will continue to be a major headache for many businesses," said Duncan. "The dollar liabilities associated with 1991 business failures skyrocketed, up 95.9 percent to $108.8 billion from $55.5 billion in 1990.

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"Many of the leveraged buyouts of the 1980s are making headlines again--as bankruptcies," said Duncan.

Duncan noted that most of the increase in liabilities is attributable to a handful of very large firms. However, the increase is significant because it will continue to affect suppliers and business partners.

"The prospect for slow growth in 1992 suggests that failures are likely to remain high at least through the first part of 1992," said Duncan. "In fact, the first phases of a recovery are often too little too late for many firms, so I do not anticipate a dramatic reversal of the trend in bankruptcies this year."

1991 Failure Trends by Industry:
Finance, Insurance and Real Estate Post Largest Increase

"With the exception of a 5.4 percent increase in 1991 mining failures, bankruptcies grew more than 25 percent in every major industry group," said Duncan.

The finance, insurance and real estate sector posted the sharpest increase, up 53.5 percent to 5,862 from 3,818. The sharp increase in bankruptcies in 1991 follows a 30.2 percent rise in 1990, to 3,818 from 2,932 in 1989. In fact, the number of failures in 1991 in the finance, insurance and real estate sector have nearly doubled since 1989.

"The steep increase in finance, insurance and real estate

failures is primarily due to the depressed real estate sector," said Duncan. "In addition to the fallout from the savings and loan crisis, we are seeing greater stress on the banking and insurance industries."

The construction industry continued to post very high levels business failures, underscoring the overall weakness in the sector. Failures jumped 44.8 percent to 11,815 in 1991 from 8,162 in 1990.

Following a typical recessionary pattern, both services and retail trade failures remain at very high levels. Services failures increased 40.6 percent to 22,663 from 16,118.

"Failures in the services sector accounted for nearly one third of all 1991 businesses failures," said Duncan. "Typically cutbacks in spending among large firms in all industries force smaller service companies out of business."

Duncan noted that not only are businesses cutting back on outside services but consumers also are reducing spending. Retail trade failures rose 31.1 percent in 1991 to 17,008 from 12,972 in 1990.

"Failures among general merchandise stores and nonstore retailers, such as mail order houses were up sharply," said Duncan.

The manufacturing and wholesale trade sectors also posted increases in business failures. Wholesale trade failures increased 37.9 percent in 1991 to 6,100 from 4,423, while manufacturing failures rose 37.8 percent to 6,534 from 4,740.

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New England Again Posts Highest Percentage Increase

For the second consecutive year, the New England states reported the highest percentage increase in business failures, up 81.1 percent to 5,590 from 3,087. Massachusetts accounted for more than half of the region's failures, rising 46.7 percent to 2,806.

"The long-suffering New England region experienced stress early on and continues to show signs of mounting recessionary pressures," said Duncan. "Failures in the New England region increased fourfold since the record-low year of 1987.

"Every state and every industry in New England reported an increase in bankruptcies," said Duncan. "New Hampshire and Connecticut were hit particularly hard, with failures soaring 205.7 percent and 106.4 percent, respectively."

Middle Atlantic Failures up 75.6 Percent;
New Jersey Failures More than Double

Business failures in the Middle Atlantic states rose 75.6 percent to 11,900 in 1991 from 6,777 in the previous year. All three states in the region posted sharp increases, with the greatest percentage increase occurring in New Jersey, up 114.6 percent to 2,715. Failures in New York increased 69.4 percent to 5,563 from 3,284, with 1,397 of these occurring in Manhattan, an increase of 98.7 percent.

"Not surprising, the finance, insurance and real estate sector in the region reported the sharpest increase, up 160.9 percent to 1,033 from 396," said Duncan.

South Atlantic Up 52.1 Percent

Duncan noted that the recession has taken its toll all along the eastern seaboard. Failures in the South Atlantic states increased 52.1 percent to 14,843 from 9,760. Business failures were at very high levels in Florida and Georgia. Florida failures increased 41.3 percent and Georgia failures rose 73.2 percent to 3,367.

California Drives Failures Up 62.8 Percent in Pacific Region

In 1991, failures in the Pacific states jumped 62.8 percent to 17,403 from 10,692. California failures rose 61.3 percent to 14,466 from 8,968.

"The Pacific region and California in particular had been star performers during the recent economic expansion, but during the latter half of 1991 failures began to mount throughout the region," said Duncan.

On an industry basis, the finance, insurance and real estate sector posted the sharpest increase in the region, up 91.7 percent to 1,079 from 563; followed by the services industry, up 78.9 percent to 6,101 from 3,410.

Results Mixed in U.S. Interior States

Duncan noted that the West North Central states were also hit hard, with failures rising 41.0 percent to 5,142. Except for Iowa and North Dakota, all the states in the region reported increases in business bankruptcies. Failures in Minnesota shot

up 196 percent to 1,566 and Missouri reported a 29 percent increase to 1,575.

Trends in business bankruptcies in the Mountain states were mixed. Arizona reported a sharp increase, up 102.8 percent to 2,210, while Colorado reported a decrease, down 7 percent to 1,944 from 2,091. Montana and Wyoming also reported decreases in 1991 failures. On an industry basis, failures were up in all sectors. The steepest increase was reported in the transportion and public utilities sector, up 82.9 percent to 236 from 129; followed by agriculture, forestry and fishing, up 74 percent to 214 from 123.

One Bright Spot: The West South Central Region

The one bright spot in 1991 business failure numbers was the West South Central region. Failures in the region increased just 6.4 percent to 10,381 from 9,757 in 1990. Arkansas was the only state in the region to report a substantial increase in failures, up 79.3 percent to 477. Texas also reported a slight increase, up 3.5 percent to 6,976 from 6,742.

"During the mid-1980s, the West South Central region reported very high levels of business failures due to the oil crisis and resulting stress throughout the region," said Duncan. "The area is now more diversified and better able to weather an economic downturn."

Dun & Bradstreet's business failures statistics include businesses that ceased operations following assignment or

bankruptcy; ceased operations with losses to creditors after such action as foreclosure or attachment; voluntarily withdrew leaving unpaid obligations; were involved in court actions such as receivership, reorganization or arrangement; or voluntarily compromised with creditors.

The Dun & Bradstreet Corporation is the world's largest marketer of business information and related services, with worldwide revenue of more than $4 billion in 1991.

(See Attached Tabular Data)

February 21, 1992

THE DUN & BRADSTREET CORPORATION, ECONOMIC ANALYSIS DEPARTMENT
BUSINESS FAILURES BY STATE AND REGION, 1990 vs. 1991*

	1990 Number	1991 Number	% Change	1990 Liabilities	1991 Liabilities	% Change
New England	3,087	5,590	81.1%	3,802,060,456	15,048,863,497	295.8%
Maine	199	392	97.0%	107,317,778	147,133,283	37.1%
New Hampshire	279	853	205.7%	69,070,921	6,611,131,047	9471.5%
Vermont	78	187	139.7%	22,806,198	123,595,378	441.9%
Massachusetts	1,913	2,806	46.7%	1,348,821,363	5,371,257,802	298.2%
Connecticut	435	898	106.4%	2,192,414,425	2,601,546,603	18.7%
Rhode Island	183	454	148.1%	61,629,771	194,199,384	215.1%
Middle Atlantic	6,777	11,900	75.6%	14,636,086,273	20,794,876,923	42.1%
New York	3,284	5,563	69.4%	11,989,288,602	13,860,804,826	15.6%
New Jersey	1,265	2,715	114.6%	1,695,427,430	5,086,458,097	200.0%
Pennsylvania	2,228	3,622	62.6%	951,370,241	1,847,614,000	94.2%
East North Central	8,357	10,674	27.7%	5,631,507,901	6,740,352,756	19.7%
Ohio	2,262	2,751	21.6%	3,637,687,221	1,995,174,111	-45.2%
Indiana	1,171	1,723	47.1%	456,588,896	1,620,728,109	255.0%
Illinois	2,149	3,027	40.9%	736,196,430	1,311,066,868	78.1%
Michigan	2,109	2,273	7.8%	676,539,635	752,446,715	11.2%
Wisconsin	666	900	35.1%	124,495,719	1,060,936,953	752.2%
West North Central	3,839	5,412	41.0%	1,406,156,190	1,399,447,747	-0.5%
Minnesota	529	1,566	196.0%	332,725,197	301,255,405	-9.5%
Iowa	553	288	-47.9%	80,458,387	50,834,620	-36.8%
Missouri	1,221	1,575	29.0%	282,181,535	413,826,190	46.7%
North Dakota	144	140	-2.8%	18,249,697	14,318,377	-21.5%
South Dakota	271	313	15.5%	20,370,246	44,370,742	117.8%
Nebraska	358	535	49.4%	82,252,888	60,395,518	-26.6%
Kansas	763	995	30.4%	589,918,240	514,446,895	-12.8%
South Atlantic	9,760	14,843	52.1%	9,677,070,199	25,859,324,321	167.2%
Maryland	693	1,314	89.6%	432,146,151	1,419,816,434	228.6%
Delaware	80	158	97.5%	39,147,269	30,659,235	-21.7%
Washington DC	100	198	98.0%	228,511,896	66,933,206	-70.7%
Virginia	1,597	2,283	43.0%	617,715,416	2,443,292,311	295.5%
West Virginia	240	395	64.6%	75,109,363	704,634,288	838.1%
North Carolina	1,026	1,350	31.6%	481,124,319	1,075,542,958	123.5%
South Carolina	415	598	44.1%	29,177,250	115,913,385	297.3%
Georgia	1,944	3,367	73.2%	1,163,174,607	1,189,353,603	2.3%
Florida	3,665	5,180	41.3%	6,610,963,928	18,813,178,901	184.6%

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BUSINESS FAILURES BY STATE AND REGION, 1990 vs. 1991*

	1990 Number	1991 Number	% Change	1990 Liabilities	1991 Liabilities	% Change
East South Central	3,669	4,755	29.6%	1,791,082,279	2,512,373,572	40.3%
Kentucky	1,063	1,221	14.9%	243,974,685	473,537,223	94.1%
Tennessee	1,475	1,992	35.1%	861,177,295	583,676,811	-32.2%
Alabama	678	1,022	50.7%	168,820,351	207,264,877	22.8%
Mississippi	453	520	14.8%	517,109,948	1,247,894,661	141.3%
West South Central	9,757	10,381	6.4%	9,016,856,816	15,862,817,095	75.9%
Arkansas	266	477	79.3%	570,063,913	312,281,323	-45.2%
Oklahoma	1,597	1,827	14.4%	338,205,442	400,034,267	18.3%
Louisiana	1,152	1,101	-4.4%	622,881,789	434,696,200	-30.2%
Texas	6,742	6,976	3.5%	7,485,705,672	14,715,805,305	96.6%
Mountain	4,808	6,308	31.2%	5,408,808,995	5,900,495,879	9.1%
Montana	191	159	-16.8%	20,753,632	20,890,891	0.7%
Idaho	312	390	25.0%	32,695,424	60,304,523	84.4%
Wyoming	178	161	-9.6%	21,625,600	51,934,430	140.2%
Colorado	2,091	1,944	-7.0%	2,456,968,174	637,409,644	-74.1%
New Mexico	319	386	21.0%	232,542,241	94,995,626	-59.1%
Arizona	1,090	2,210	102.8%	2,374,938,966	4,137,650,104	74.2%
Utah	372	513	37.9%	199,794,040	800,061,235	300.4%
Nevada	255	545	113.7%	69,490,918	97,249,426	39.9%
Pacific	10,692	17,403	62.8%	4,170,408,520	14,663,236,535	251.6%
Alaska	124	143	15.3%	40,511,978	183,044,752	351.8%
Hawaii	149	72	-51.7%	23,764,803	39,643,088	66.8%
Washington	860	1,418	64.9%	180,730,406	2,159,176,353	1094.7%
Oregon	591	1,304	120.6%	66,437,079	313,412,614	371.7%
California	8,968	14,466	61.3%	3,858,964,254	11,967,959,728	210.1%
Total U.S.	60,746	87,266	43.7%	55,540,037,629	108,781,788,325	95.9%

* Data for 1990 are final; 1991 figures are preliminary.

(c) The Dun & Bradstreet Corporation, New York, January 1992

THE DUN & BRADSTREET CORPORATION, ECONOMIC ANALYSIS DEPARTMENT
BUSINESS FAILURES BY INDUSTRY, 1990 vs. 1991*

Industry	1990 Number	1991 Number	% Change	1990 Liabilities	1991 Liabilities	% Change
Agriculture/Forestry/Fishing	1,733	2,232	28.8%	499,546,819	849,383,957	70.0%
Mining	388	409	5.4%	152,474,666	304,442,641	99.7%
Construction	8,162	11,815	44.8%	2,949,033,751	5,128,825,718	73.9%
Manufacturing	4,740	6,534	37.8%	6,974,511,135	15,065,406,163	116.0%
Transportation/Utilities	2,631	3,839	45.9%	2,341,850,096	5,638,344,833	140.8%
Wholesale	4,423	6,100	37.9%	3,312,440,490	5,773,937,854	74.3%
Retail	12,972	17,008	31.1%	7,615,561,320	7,150,781,143	-6.1%
Finance/Insurance/Real Estate	3,818	5,862	53.5%	22,740,150,065	44,356,398,171	95.1%
Services	16,118	22,663	40.6%	7,103,853,728	17,985,847,838	153.2%
Non-Classifiable	5,761	10,804	87.5%	1,850,615,559	6,528,420,007	252.8%
	60,746	87,266	43.7%	55,540,037,629	108,781,788,325	95.9%

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